



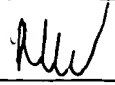
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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/610,828	07/06/2000	Kurt C. McCracken	12016-002001	5424
26161	7590	09/28/2004	EXAMINER	
FISH & RICHARDSON PC 225 FRANKLIN ST BOSTON, MA 02110			ROSEN, NICHOLAS D	
			ART UNIT	PAPER NUMBER
			3625	

DATE MAILED: 09/28/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No. 09/610,828	Applicant(s) MCCRACKEN ET AL.	
	Examiner Nicholas D. Rosen	Art Unit 3625	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 25 June 2004.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-29 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-29 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 06 July 2000 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☒ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Claims 1-29 have been examined.

Oath/Declaration

A new oath or declaration is required because the current declaration is not signed by either applicant. The wording of an oath or declaration cannot be amended. If the wording is not correct or if all of the required affirmations have not been made or if it has not been properly subscribed to, a new oath or declaration is required. The new oath or declaration must properly identify the application of which it is to form a part, preferably by application number and filing date in the body of the oath or declaration. See MPEP §§ 602.01 and 602.02.

A declaration should be signed and dated.

Claim Objections

Claim 29 is objected to because of the following informalities: clauses should end with semicolons instead of commas (lines 4, 6, 7, 8, 10, and 13 of claim 29).

Appropriate correction is required.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the

Art Unit: 3625

invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

This application currently names joint inventors. In considering patentability of the claims under 35 U.S.C. 103(a), the examiner presumes that the subject matter of the various claims was commonly owned at the time any inventions covered therein were made absent any evidence to the contrary. Applicant is advised of the obligation under 37 CFR 1.56 to point out the inventor and invention dates of each claim that was not commonly owned at the time a later invention was made in order for the examiner to consider the applicability of 35 U.S.C. 103(c) and potential 35 U.S.C. 102(e), (f) or (g) prior art under 35 U.S.C. 103(a).

Claims 1-15 and 26-28

Claims 1-15 and 26-28 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ward ("An Overview of Limited Liability Companies") in view of Hitchings (U.S. Patent Application Publication 2002/0143673), and official notice. As per claim 1, Ward discloses acquiring one or more properties from one or more investors in exchange for an interest in an investment entity, and discloses tax advantages of such investment entities (LLC's). Hitchings discloses using a machine to (e) identify properties appropriate for disposition (Abstract; paragraphs 3-5 and 11-17); and exchanging at least one of the identified properties that falls outside of an investment profile for at least one other property in a tax-advantages exchange (Abstract; paragraphs 3-5 and 11-17). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to use a machine to identify properties appropriate for disposition, and exchange at least one such property

that falls outside of an investment profile for at least one other property in a tax-advantages exchange, for the stated advantage of implementing functions such as reconciliation and reporting with greater efficiency and accuracy, and the obvious advantages of profiting by exchanging property judged to be likely to be less profitable for property judged likely to be more profitable, and reaping any benefits to be obtained from the tax laws in making such exchanges.

Official notice is taken that the remainder of the limitations of claim 1 are also well-known, and describe routine actions of businesses and property managers/developers: managers/developers routinely enhance the value of property by physical improvements; redeeming an interest of at least one of the investors in an investment entity at a value based on the current value is, for example, what investors in mutual funds routinely do; using a machine to (a) track each investor's basis in an investment entity, allocate each investor's basis in his interest in the investment entity among properties acquired by the investment entity, and (c) track the allocated basis of each investor as a result of a succession of transactions is what mutual funds do. (At least, it is presumed by Examiner that late-20th century mutual funds with billions of dollars in assets, thousand of investors, and many complicated transactions, used machines [computers] well before Applicants' filing date, rather than employing large numbers of scribes to make the necessary calculations on paper with quill pens.) Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to use a machine to use a machine to carry out these steps, for the obvious advantage of efficiently carrying out the necessary functions for

tracking investments and returning appropriate sums to investors in the forms of dividends, redemptions of shares, etc.

As per claims 2, 3, and 4, these are simply common types of real estate in which it is well known to invest.

As per claims 5 and 6, these are indications that a property may be a good investment, obvious to one of ordinary skill in the art of finance.

As per claim 7, Ward discloses this, as set forth above with regard to claim 1.

As per claim 8, limitations on the amount of an investment which can be liquidated at one time are well known, making the claim obvious.

As per claim 9, refurbishment of property to obtain higher rents or sales prices is well known and obvious.

As per claim 10, attempting to enhance the value of property by improved management is well known and obvious.

As per claims 12 and 13, and claims 14 and 15, refer to rejections of parallel claims 5 and 6 above.

As per claim 26, it is well known for the values of interests to be based on the current value. For the value of an interest to be unrelated to the current value (which, after all, would normally reflect expected future values) would be the exception.

As per claim 27, it is well known for the redeeming of interests by investors to occur at times determined at least in part by the investors, as, for example, when an investor sells shares of stock, shares in a mutual fund, real estate that an investor puts up for sale, etc.

As per claim 28, Ward discloses limited liability companies at length (and also mentions partnerships).

Claims 16-25

Claims 16-25 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ward ("An Overview of Limited Liability Companies") in view of Hitchings (U.S. Patent Application Publication 2002/0143673), and official notice. Claim 16 is essentially parallel to claim 1 (which does not expressly disclose a management entity, but such an entity is inherent from the disclosed actions, which constitute management). Also, it is well known to record and analyze investments; any sort of investment entity run with very minimal competence does this, and it is typically done with the use of a machine (computer).

Claims 17, 18, 19, 20, 21, 22, and 23 are essentially parallel to claims 2, 3, 4, 5, 6, 7, and 8, respectively, and rejected on the grounds set forth above.

As per claim 24, Ward discloses that the management entity can be the same as the investment entity (see sections headed "MANAGER or MANAGERS [*sic*]" and "MANAGEMENT PROVISIONS").

As per claim 25, Ward discloses that the investment entity can receive cash contributions (see section headed "CAPITAL CONTRIBUTION").

Claim 29

Claim 29 is rejected under 35 U.S.C. 103(a) as being unpatentable over Ward ("An Overview of Limited Liability Companies") in view of Hitchings (U.S. Patent

Application Publication 2002/0143673), and official notice. Claim 29 is essentially parallel to claim 1 with claim 8 included, and rejected on essentially the same grounds set forth above with regard to those claims.

Response to Arguments

Applicant's arguments with respect to claims 1-29 have been considered but are moot in view of the new ground(s) of rejection. Furthermore, Applicant's arguments have been found unpersuasive. The use of machines for tracking investors' bases in an investment entity, etc., may well offer advantages over Galperin, or for that matter, over Ward, the current primary reference, but such use of machines is well known, and held to be obvious to combine, as set forth above.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. DeYoung ("REITs Change Landscape") discloses REIT operations, and in particular discloses tax advantages for a property owner selling real estate to an investment entity in exchange for partnership units (see paragraph beginning, "Those rising prices are making it a good time to sell"). The anonymous article, "W.P. Carey Group Year-To-Date Acquisitions Exceed \$300 Million; Acquisition Strategy Bolsters Strength and Diversity of Real Estate Portfolios," discloses, inter alia, structuring transactions on a tax advantaged basis.

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Nicholas D. Rosen, whose telephone number is 703-305-0753. The examiner can normally be reached on 8:30 AM - 5:00 PM, M-F.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Wynn Coggins, can be reached on 703-308-1344. (Wynn Coggins is currently on assignment elsewhere in the Patent Office; the examiner's acting supervisor, Jeffrey Smith, can be reached at 703-308-3588.) The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306. Non-official/draft communications can be faxed to the examiner at 703-746-5574.

Art Unit: 3625

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Nicholas D. Rosen

NICHOLAS D. ROSEN
PRIMARY EXAMINER

September 24, 2004